

## **STATEMENT OF CONSIDERATIONS**

**ADVANCE CLASS WAIVER OF PATENT RIGHTS FOR TECHNOLOGY DEVELOPED UNDER DOE FUNDING AGREEMENTS RELATING TO DOE'S RESEARCH AND DEVELOPMENT FOR FUEL CELLS, DIRECT INJECTION ENGINES, AND FUELS: ENERGY EFFICIENCY AND RENEWABLE ENERGY TECHNOLOGY FOR TRANSPORTATION AND BUILDINGS; DE-SC02-98EE50526, CH0999, W(C)-99-001**

The Department of Energy is providing federal assistance for research on fuel cell technology directed toward research and development for fuel cells, direct injection engines, and fuels: energy efficiency and renewable energy technology for transportation and buildings. All awards under this program are being made under Solicitation Number DE-SC02-98EE50526 and this class waiver is only intended to extend to awardees and their subcontractors resulting from this solicitation. To date a total of 21 separate awards have been made under this program. This advance class waiver is intended to apply to inventions of all current and future contractors and subcontractors participating in the above identified program, regardless of tier, except participants eligible to obtain title pursuant to P.L. 96-517, as amended, and National Laboratories.

Under this program, DOE is selecting a number of participants to perform research and development in three topic areas. Topic (1) will consist of research on proton-exchange-membrane (PEM) fuel cells for transportation and buildings, Topic (2) consists of research in compression-ignition direct injection engines, spark-injection direct injection engines, and innovative concepts, and Topic (3) consists of research in one area of fuel infrastructure.

Teaming arrangements among participants were anticipated and have been encouraged. Each team will be composed of a prime contractor and one or more subcontractors. It is also anticipated that teams will develop an appropriate allocation of patent rights among the participants to facilitate the commercial development of the respective technical areas to be developed under this program.

It is the purpose of this class waiver to vest title to the parties' inventions with the team members in a fashion enabling them to expediently commercialize the various technologies. Accordingly, DOE will waive the Government's title to subject inventions under each topic, other than inventions made by Bayh-Dole participants pursuant to P.L. 96-517, as amended, or National Laboratories, to the respective prime contractor or other entities as may be designated by the parties agreeing to the terms of this waiver in each team. Since this program obligates the prime contractor for each team to provide at least 25 percent cost sharing, it is expected that patent rights will be allocated among the participants on the basis of cost sharing as well as the other equities among the various team members.

This advance class waiver of the Government's rights in inventions is subject to the advance patent waiver and background data licensing provisions. The terms of the advance patent waiver include the usual Government license, march-in rights, and preference for U.S. industry provisions as provided in 10 CFR 784. The advance patent waiver also includes the attached U.S. Competitiveness clause, (paragraph t), which requires that products embodying any waived invention or produced through the use of any waived invention be manufactured substantially in the United States unless the participant can show to the satisfaction of DOE that it is not commercially feasible to do so. The participants must further agree to make the above

condition binding on any assignee or licensee or any entity otherwise acquiring rights to any waived invention, including subsequent assignees or licensees. Should the participant or other such entity receiving rights in any waived invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by DOE.

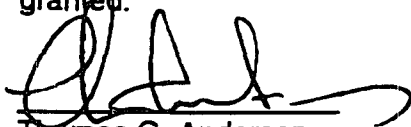
The grant of this class waiver is not expected to result in adverse effects on competition or market concentration. Rather the waiver should enhance competition and growth of the fuel cell industry in the United States, and in particular, broaden the base of U.S. manufacturers as contemplated by this program. DOE has the right to require reports of the utilization or the efforts at utilization that are being made for the waived inventions. If a participant which has obtained title is not making reasonable efforts to utilize a waived invention, DOE can exercise its march-in rights and require licensing of the background inventions and data.

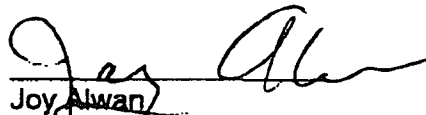
This advance class waiver shall apply to each of the respective teaming arrangements upon the Contracting Officer's written notice to Field Patent Counsel that the prime contractor is obligated to provide at least 25 percent cost sharing, and shall remain in effect for so long as such cost sharing is maintained, in aggregate, over the term of the agreement.

In addition to the above, all participants under the program, other than participants which are domestic small businesses or non-profit organizations under P.L. 96-517, as amended, or National Laboratories, shall give DOE written notice of their acceptance of the terms and conditions of this class waiver prior to entering into any agreement incorporating the terms of this waiver under the above identified program. Except as otherwise specifically approved by Field Patent Counsel, a participant's acceptance of an agreement under this program, at any tier, shall constitute that participant's notice to DOE and acceptance of the terms and conditions of this class waiver.

In the event a participant does not participate in subsequent phases of a topic, the prime contractor or other entity, as the remaining participants in such topic may determine, shall retain as a minimum a royalty-free, nonexclusive license throughout the world, with the right to grant sublicenses in each subject invention held by such participant pursuant to this class waiver, except as otherwise approved by Field Patent Counsel.

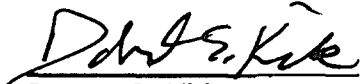
Considering the foregoing, and in view of the statutory objectives to be obtained and the factors to be considered under DOE's statutory waiver policy, all of which have been considered, it has been determined that this class waiver as set forth above will best serve the interest of the United States and the general public. It is recommended that the waiver be granted.

  
Thomas G. Anderson  
Assistant Chief Counsel  
Intellectual Property Law  
Date: 9/10/99

  
Joy Alwan  
Patent Attorney  
Intellectual Property Law  
Date: 10 Sept 99

Based upon the foregoing Statement of Considerations, it is determined that the interests of the United States and the general public will best be served by a waiver of United States and foreign patent rights as set forth herein and, therefore, the waiver is granted. This waiver shall not affect any waiver previously granted.

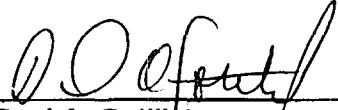
CONCURRENCE:



Robert S. Kirk  
Acting Director, Office of  
Advanced Automotive  
Technologies  
EE-32 FORS

Date: 10/1/99

APPROVAL:



Paul A. Gottlieb  
Assistant General Counsel  
for Technology and  
Intellectual Property

Date: 10-1-99

## U.S. COMPETITIVENESS

The Contractor agrees that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States, unless the Contractor can show to the satisfaction of DOE that it is not commercially feasible to do so. In the event DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. The Contractor further agrees to make the above condition binding on any assignee or licensee or any entity otherwise acquiring rights to any waived invention, including subsequent assignees or licensees. Should the Contractor or other such entity receiving rights in any waived invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by DOE.